

THE INVESTMENT MARKET

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The operations of the Bear¹ and the Bull² have been described in the preceding statements. They may now be briefly pictured and their relations with the ordinary investor explained.

The popular definition of a Bull and a Bear operator is that the former purchases what he does not require, while the latter sells what he does not possess. This, however, is far from that exclusive form of definition at which all explanations should aim. For the jobber also, when he "makes" a price, is willing to buy what he does not intend to retain, or to sell what does not then rest in his possession. Kather is the distinction between them this: The buyer (or Bull) estimates on reasons valid to himself that the value of a particular stock is likely to rise, and desires, when that event occurs, to be in a position to avail himself of the chance of selling; but in order to gain this position he must obviously first purchase—the expected profit consisting of the difference between the comparatively low price at which he buys and the higher price attained when he sells what he had bought. The seller (or Bear) pursues the opposite course: he surmises that the price of a specified stock will probably fall: if he can sell now at a certain price and his anticipation of a decline should be realised, he can then, by purchasing the stock at the reduced value secure the profit between the price at which he originally sold and the diminished price at which he can now buy, and thus complete his bargain by a successful delivery. Hence, in order to occupy the position of an advantageous purchaser when the price declines, he effects a present

¹ Bear.—The word was applied in its present sense in the early part of the eighteenth century, and was in common use at the time of the South Sea Bubble. At that date the phrase "bearskin jobber" was applied to dealers now called boars, and it is thus probable that the original expression was "sell the bearskin," originating in the ancient proverb of disposing of the bear's skin before the bear itself had been captured. Imagination must invent the connection.

² Bull.—This term was probably derived from a verb-stem,

bullr.n, found
in some German dialects, which means "to roar"; or
possibly, it has
been held by a recognised authority, that the term was
suggested by
the word "bear," though this attempted solution
demands, I think,
a somewhat daring exercise of imagination to perceive
any conclusive
appropriateness or naturalness of contrast.